

# Involving Barangays in Real Property Tax Administration

IMPROVING REAL PROPERTY TAX SYSTEM PERFORMANCE

Notes 2



Local Finance



*A Barangay Participatory Workshop on Real Property Taxation helps clarify the role of the barangay and the benefits they will gain in improving real property tax collection. This type of workshop was held in a park maintained by the Municipality of Diadi, Nueva Vizcaya with Mr. Nap de Sagun of USAID as resource person.*

## Mobilizing Barangays in Tax Administration

Real property tax contributes the biggest share among local sources of revenue to the coffers of local government units (LGU). However, many LGUs have not fully maximized the revenue potential of real property tax. Several studies as well as the results of GOLD-assisted workshops indicate that a significant number of private properties are not taxed because owners fail to declare them for valuation in accordance with tax laws. In some cases, the LGU cannot collect the tax because property owners cannot be located.

The Local Government Code of 1991 prescribes that barangays get 25 percent of the basic real property tax imposed by the province and collected by the municipality. The Code, however, does not mandate them to assist in the administration of real property tax. As one of the major stakeholders, barangay officials should be convinced to assist in improving the collection of real property tax. Without substantial cost to the LGU, the problem of additional manpower to maximize collection can be addressed by involving barangay officials. Particularly, barangay leaders are in a strategic position to identify property owners in their respective communities. The challenge is how to mobilize barangay officials to supplement the LGUs' assessment and tax collection efforts.

*The Local Governance Technical Notes series is a publication of the Governance and Local Democracy (GOLD) Project made possible through support of the United States Agency for International Development (USAID) under the terms of the GOLD Project Contract No. 492-0471-C-00-5089-00. The series provides information on key processes and tools in local government management, service delivery, citizen participation, and policy issues. The opinions expressed herein do not necessarily reflect the views of USAID.*

Published in June 2000



## Technology

### Barangay Participatory Workshop on Real Property Taxation

Involving barangays in real property tax administration is an innovative way of improving tax assessment and collection. It involves convincing barangay officials that the barangay will benefit from an improved real property tax collection system. Since their role in improving real property tax administration includes assisting municipal officials in tax assessment and collection, barangay officials have to be informed of real property taxation problems and issues.

The process of involving barangay officials is initiated by conducting a Barangay Participatory Workshop on Real Property Taxation using the Technology of Participation (ToP) as facilitation method. In the workshop, the following should be done:

1. Discuss real property taxation to familiarize barangay officials with the aspects of real property tax administration particularly the legal basis, tax rate and base, valuation and assessment of properties, collection and enforcement pro-

cesses, distribution of proceeds, and sanctions. Define the role of barangays in tax administration.

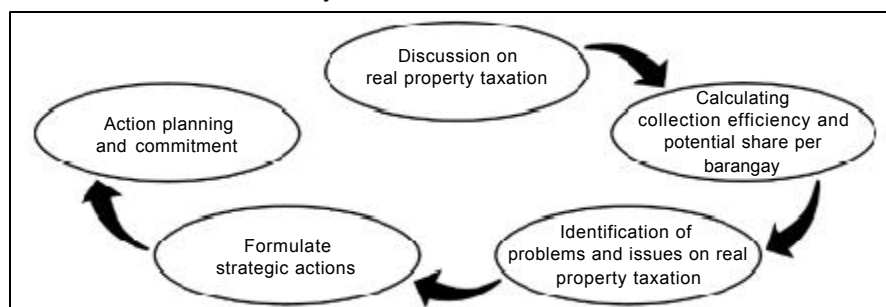
2. Calculate collection efficiency and potential share of each barangay. Ask barangay officials to compute the potential revenue of their barangay and compare the result with the amount they actually receive. A comparison of collection efficiency will highlight the differences in collection performance of various barangays.

3. Identify problems, bottlenecks, and issues affecting real property tax collection. Ask participants to identify bottlenecks or issues that cause low collection efficiency in their

barangay. Process and cluster issues to arrive at a consensus.

4. Formulate strategic measures. Ask participants how they can resolve problems, bottlenecks, or issues identified. Process and cluster ideas to arrive at a consensus on concerted actions that barangay officials can undertake to improve real property tax assessment and collection.

5. Formulate an action plan on prioritized strategic measures identified. Then get the commitment of barangay leaders to the various strategic actions they have formulated to help increase real property tax collection.



*Process flow of a Barangay Participatory Workshop on Real Property Taxation.*

### Post-Workshop Activities

Use the strategic actions formulated in the participatory workshop as basis for preparing a memorandum of agreement (MOA) between the municipality and component barangays. The MOA specifies the roles and responsibilities of the municipality and the barangays in the concerted effort to increase the collection of real property tax.

Depending on the agreement between the municipality and the component barangays, post-workshop activities may include skills development workshops where barangay officials are trained to identify and validate real property ownership and taxable property improvements. Barangay officials are provided with

section maps and copies of the Assessment Rolls of their barangay. They are taught how to match properties in the field with records of the Municipal Assessor's Office. Addresses of absentee landowners can be obtained by barangay officials from those occupying the property. Improvements on land and buildings or any changes in property classification and ownership can also be covered in this process. Data generated from this activity are forwarded to the Office of the Municipal Assessor and the Municipal Treasurer to be used for updating office records.

Barangay officials can assist the Municipal Treasurer by distributing notice of collection, notice of delinquency, warrant of levy, and notice of public

auction of real properties of delinquent taxpayers. They can also be effective in conducting intensive tax information and education campaigns.

To sustain the involvement of barangay leaders in real property tax administration, issues such as computation of collection efficiency, potential barangay share of tax collected, and monitoring and resolving problems should be done annually during a meeting with barangay officials. As an added incentive for barangay officials to attend the meeting, the Municipal Treasurer may announce that the distribution of the actual barangay share of real property tax collection for the year will coincide with the meeting.



## Policy and Practice

### Enabling Framework

Section 200 of Republic Act 7160 or the Local Government Code of 1991 states that provinces and cities shall be primarily responsible for proper, efficient, and effective real property tax administration. Provisions on real property taxation are also embodied in Provincial and City Revenue Codes.

In the case of provinces, Section 247 of the Code provides that the

collection of the real property tax with interest thereon shall be the responsibility of the Municipal Treasurer concerned. The Municipal Treasurer may deputize the Barangay Treasurer to collect all taxes on real property located in the barangay. These provisions can also be found in the various provincial revenue codes.

Finally, Section 223 of the Code provides that the delivery of notices

of new or revised assessment may be made through the assistance of the Punong Barangay. From the collection of the basic real property tax, 25 percent accrues to the barangays where the property is located. It is therefore to their best interest that they provide assistance in the administration of real property tax.

### Practices That Are Working

In the Barangay Participatory Workshop on Real Property Taxation in the Municipality of Alamada, North Cotabato, participants pledged to help make real property tax a net revenue producer. Aware that a complete and comprehensive database of real properties means a higher tax base, barangay officials together with the Municipal Assessor and the Municipal Treasurer conducted “pulong-pulong” or meetings in different barangays.

In the pulong-pulong, the Assessor gave suggestions on how barangays can help the Assessor’s Office identify property owners including settlers on public lands in remote and forested areas. The Treasurer and other officials discussed the importance of promptly paying taxes and where taxes go. As a result, the barangay pulong-pulong gave rise to a positive attitude towards payment of taxes and generated information to be used in updating the Municipal Assessors’ database. It also brought about an increase in real property tax collection.

Field validation of assessment records is a very useful exercise. This was demonstrated by municipal treasurers and assessors of Nueva Vizcaya who went to Barangay Bagahabag in the Municipality of Solano with tax maps, field

appraisal and assessment sheets, and real property tax account records.

With the assistance of barangay officials, the municipal officials identified and assessed undeclared buildings and changes in ownership, and gathered the addresses of absentee property owners. The information was used to update the Municipal Assessor’s Office records. In the same activity, revenue collectors campaigned for and collected real property tax payments.

Mobilizing the barangay to identify and validate properties was also done in the Municipality of Solano,

Nueva Vizcaya. The Punong Barangay of Poblacion North initiated a workshop that involved coordinating with the Office of the Mayor and the Provincial and Municipal Assessors’ Office. During the workshop, barangay officials were trained to gather accurate information using socio-economic survey. During the actual survey, they identified commercial establishments, property owners, and undocumented improvements to real properties. The information generated was used to update the records in the offices of the Treasurer and Assessor of Solano.



*In Diadi, Nueva Vizcaya, Mayor Norma Miguel explained to the barangays their role in real property tax administration.*





# LGU Action Agenda

## What the LGU Can Do

To involve barangays in monitoring and reporting property improvements and changes in real property ownership, the LGU technical staff can take the following steps:

1. Propose to the Local Chief Executive and the Liga ng mga Barangay Local Chapter the conduct of a barangay participatory workshop. In the workshop, clarify with barangay officials their roles in real property tax administration, and explain the benefits the barangay will get from improved tax collection.
2. Discuss with the Municipal Assessor and the Treasurer the role of the barangay in real property tax administration.
3. Endorse to the Sanggunian the enactment of a barangay ordinance that will require barangay clearance before the following are issued: building permit; tax clearance certificate on real property tax payment; and tax clearance certificate for transfer of ownership.
4. Encourage barangay officials to conduct a socio-economic survey assisted by Sangguniang Kabataan members.



*A participatory workshop on real property taxation includes an expression of commitment from barangay officials to improve the collection of real property tax.*

## Resources and References

Technical assistance is available to LGUs that want to mobilize barangay officials to improve tax collection. Contact the following:

- Mr. Carl Bennet, Provincial Assessor's Office, Nueva Vizcaya, Tel. (078) 321-2713
- Mr. Eduardo Tiongson, Punong Barangay, Poblacion North, Solano, Nueva Vizcaya
- Mr. Jose Carreon Jr., Provincial Capitol, Nueva Vizcaya, Tel. (078) 321-2793

• Mr. Antonio Gabunales, Municipal Assessor, Alamada, North Cotabato  
You may also get additional information from the following:

- Mr. Roque Barrios, Provincial Assessor, Capiz Province, Tel. (036) 621-0033
- Mr. Corpuz Limpot, Provincial Assessor, Cotabato Province, Tel. (064) 288-1799
- Ms. Flory Sonjaco, Provincial Treasurer, Negros Oriental, Tel. (035) 225-1723

• Mr. Mario Creag, Provincial Assessor, Palawan Province, Tel. (048) 433-2571

• Mr. Manuel Reyes, Provincial Assessor, Nueva Vizcaya, Tel. (078) 321-2713

• Ms. Teresita Villarruz, Municipal Assessor, Panay, Capiz, Tel. (036) 621-2012

• Director George Camhit, Regional Director, **BLGF**-Region II, Tuguegarao, Cagayan, Tel. (078) 844-1683